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COLUMBIA, SOUTH CAROLINA

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Mr. Charles Terreni
Chief Clerk of the Commission
Public Service Commission of South Carolina
Synergy Business Park, Saluda Building
101 Executive Center Drive
Columbia, SC 29210

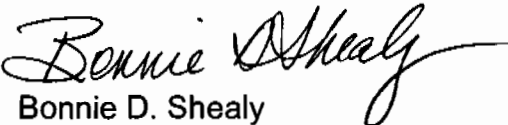
Re: Matrix Telecom, Inc.
Docket No. 2005-98-C
Our File No. 30062-0001

Dear Mr. Terreni:

Enclosed for filing please find the Testimony of Dana Hoyle on behalf of Matrix Telecom, Inc. By copy of this letter we are serving the Office of Regulatory Staff and the Hearing Examiner. Should you need any additional information, please contact me.

Very truly yours,

ROBINSON, MCFADDEN & MOORE, P.C.


Bonnie D. Shealy

/bds
Enclosures

cc/enc: C. Lessie Hammonds, ORS Staff Attorney (via email & U.S. Mail)
David Butler, PSC Hearing Examiner (via email & U.S. Mail)
Ms. Dana Hoyle (via email)

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BEFORE THE
PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

Application of)	
)	
Matrix Telecom, Inc. d/b/a)	
Matrix Business Technologies)	Docket No. 2005-98-C
to expand its existing Certificate)	
of Public Convenience and)	
Necessity to include operating)	
as a Facilities-based Provider)	
of Local Exchange Service)	

APPLICATION OF MATRIX TELECOM, INC. D/B/A MATRIX BUSINESS
TECHNOLOGIES TO EXPAND EXISTING CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY

TESTIMONY
OF
DANA HOYLE
on Behalf Of
Matrix Telecom, Inc. d/b/a
Matrix Business Technologies

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EXCEPTION OF THE FORM OF THE SIGNATURE, OF THE
E-FILED COPY SUBMITTED TO THE COMMISSION IN
ACCORDANCE WITH ITS ELECTRONIC FILING INSTRUCTIONS.***

1 Q. Please state your name and address for the Commission.

2 A. My name is Dana Hoyle. My address is 7171 Forest Lane, Suite 700, Dallas, TX 75230.

3 Q. By whom are you currently employed and in what capacity?

4 A. I am employed by Matrix Telecom, Inc. d/b/a Matrix Business Technologies ("Matrix")
5 as its Manager of Regulatory Affairs.

6 Q. How long have you been in that position?

7 A. I have been with Matrix since May of 2006.

8 Q. Please provide a brief description of your professional experience and your experience in
9 the telecommunications industry.

10 A. I have worked in the competitive telecommunications industry, particularly in regulatory,
11 for the last sixteen years. I have worked both in-house as Manager or Director of
12 Regulatory Affairs and also as a consultant for various types of competitive services
13 provider. I have provided regulatory certification and compliance type services to all
14 kinds of competitive service providers, including but not limited to inmate phone
15 providers, pay telephone providers, long distance providers and competitive local
16 exchange providers. Additionally, I graduated summa cum laude from New York
17 Institute of Technology with a Bachelor's of Professional Studies, with concentration in
18 Business and Telecommunications Management.

19 Q. Did you prepare or have you reviewed carefully the application filed on behalf of Matrix?

20 A. Yes.

21 Q. What is the purpose of your testimony?

22 A. The purpose of my testimony is to provide information concerning the amendment of
23 Matrix Telecom's certificate to include the provision of facilities-based local exchange

1 and exchange access services in South Carolina.

2 Q. Tell us a little about the history of Matrix and explain the nature of its existing business.

3 A. Matrix was formed on June 13, 1990 to operate as a long distance reseller. On December
4 19, 1990 in Docket No. 90-517-C, Matrix was granted authority in South Carolina as a
5 reseller of telecommunications services in Order No. 90-1176 which was modified by
6 Order No. 1994-947. From that time until 2005, Matrix operated mainly as a reseller of
7 interexchange services.

8 In 2005, Matrix came before this Commission in Docket No. 2005-98-C and
9 obtained authority to operate as a competitive local exchange telecommunications carrier.
10 Additionally, in Docket No. 2005-75-C, Matrix obtained approval for the purchase of a
11 local customer base from Global Crossing. That transaction was effected on January 1,
12 2006. This transaction resulted in Matrix's market entry into the provision of local
13 services.

14 Q. Have you included this list of all of the officers and members that you just mentioned
15 with your application?

16 A. Yes. The list of officers and their associated experience is attached to the Application as
17 Exhibit B.

18 Q. Tell us a little more about the management and employees of Matrix that will be directly
19 involved in this service offering.

20 Q. Matrix has been a provider of resold long distance services since 1990. As demonstrated
21 in our application, Matrix's management team has collectively nearly one hundred and
22 twenty (120) years in the telecommunications industry. Matrix's employees have

1 established Matrix's existing service territories, effectively earning the confidence of
2 consumers nationwide.

3 Q. Based on what you have just told the Commission, do the Applicant's employees have
4 significant telecommunications experience?

5 A. Yes, absolutely they do. In addition, in Order No. 2005-449, the Commission concluded
6 that Matrix possessed the managerial and technical resources to provide
7 telecommunications services.

8 Q. The Company has provided the Commission with certain financial statements with its
9 application. Will you please discuss generally the financial condition of the company as
10 expressed in the financial statements?

11 A. Attached to the application as Exhibit C are the Company's audited financials for the
12 calendar year 2005. In 2006, Matrix entered into a credit facility with HBK Investments,
13 Inc. under which HBK agreed to lend funds to Matrix. Additionally, Matrix does have
14 notes payable to Platinum Equity. However, they are subordinated to our senior credit
15 agreement with HBK. The notes payable still show as outstanding on the books as of
16 December 31, 2006. However, these notes are not due and payable until any and all
17 claims with HBK have been satisfied. The unaudited results for 2006 indicate that the
18 company's financial performance in 2006 remained strong, contributing approximately
19 \$6M in net income and positive working capital, exclusive of the revolving credit line in
20 place with HBK.

21 Q. Does the Company have sufficient funding for the project? If so, please explain that for
22 the Commission?

1 A. The Company does have sufficient funding for this project. Funding for this project will
2 not require a substantial outlay of cash. This is due to the fact that the Company does not
3 initially intend to lay facilities, but will rather operate as a facilities based provider by
4 leasing the network from the incumbent local exchange carrier.

5 Q. What type of capital outlay will be required to provide the contemplated service in South
6 Carolina?

7 A. Matrix does not initially intend to build facilities in the State of South Carolina. Matrix
8 seeks to secure a wholesale arrangement with BellSouth, whereby Matrix will lease its
9 unbundled network element platform replacement product. As such, Matrix will not
10 require a large capital outlay in order to provide services to South Carolina consumers.

11 Q. So, do you feel confident that the funding that you described above will provide ample
12 capital available for the South Carolina service offerings?

13 A. Yes, I do.

14 Q. Please describe the services that Matrix seeks to provide through the grant of its
15 application in this docket.

16 A. The Company is already certificated to provide local exchange services in South
17 Carolina. We seek to clarify that we intend to offer local services on a facilities-based
18 basis in addition to providing services on a resold basis. We intend to offer a full array of
19 local exchange services to customers in local exchanges in the State of South Carolina
20 presently served by Bell South. Matrix and the South Carolina Telephone Coalition
21 entered into a Stipulation which was incorporated as part of Order No. 2005-449. Should
22 we decide to offer local exchange services to customers in areas currently served by rural
23 incumbent LECs, Matrix will provide at least thirty days prior written notice to the

Commission and the incumbent LEC as outlined in that Stipulation. The Company will initially provide a variety of dedicated and switched local exchange services to its customer's that include:

"Plain Old Telephone Service" – originating and terminating local calls/dial-tone service, provided over the Company's UNE-P replacement services;

Switched Access Service – originating and terminating traffic between a customer premise and an IXC Point of Presence ("POP") via shared local trunks using a local switch;

PBX Trunking – carrying switched traffic between the central office and the customer's PBX;

Direct Inward Dial – used in conjunction of PBX trunks in order to allow calls to be specifically routed within the end user's equipment;

Private Line – dedicated circuit between two points

Q. So, to recap could you provide a general timeline reflecting how Matrix will develop its facilities-based service offerings?

A. Matrix is committed over the next 24 to 48 months to developing a profitable business providing telecommunications services to consumers in the State of South Carolina. It is anticipated, after that time, Matrix will have the customer and revenue base to allow it to expand further into the State.

Q. In regard to any provision of long distance service, will Matrix also provide its customers with access to the long distance carrier of their choice?

A. Yes.

Q. What is Matrix's targeted market, if any?

1 A. Matrix's target market for the State of South Carolina is small to medium business
2 customers.

3 Q. Why is that your initial targeted market?

4 A. In 2005, Matrix bought a local customer base, known as the "Small Business Group"
5 from Global Crossing. Matrix's entry into the local services market substantially began
6 with its purchase of this customer base. Since that time, Matrix has strived to be a fully
7 integrated communications carrier. Matrix endeavors to be a leading provider of business
8 technologies that include premier voice, data, and Internet services.

9 Q. Describe the marketing program of Matrix.

10 A. Matrix uses organic marketing methods that include but are not limited to web presence,
11 agent programs and telemarketing sales.

12 Q. Will the Company set up internal procedures that will guard against any possible
13 "slamming"?

14 A. Yes. The company has a Code of Conduct that it requires all employees and agents to
15 sign. The Company completely understands and adheres to regulations designed to
16 eliminate slamming. As such, violation of these policies could result in disciplinary
17 action, up to and including termination.

18 Q. Has the Company had any complaints filed against it or other actions taken against it
19 regarding "slamming"?

20 A. Since 2001, the Federal Communications Commission ("FCC") has issued 13 orders
21 resolving informal complaints from subscribers against Matrix Telecom, Inc. ("Matrix").
22 Each of these complaints alleged that Matrix had switched the subscriber's primary
23 interexchange carrier without proper authorization. The FCC denied or found to be

1 resolved nine of these 13 complaints. Of the remaining four, three found a technical
2 violation of the FCC's "slamming" rules which resulted from Matrix's reliance on a third
3 party to verify the subscriber's intent to switch his or her carrier to Matrix. In these three
4 cases, the third party failed to confirm the telephone number to be switched. Matrix no
5 longer uses the services of this third party verification provider. The remaining case
6 involved a customer transferred to Matrix after his chosen carrier went out of business.

7 In 1995, the FCC issued a Notice of Apparent Liability alleging that Matrix had
8 changed the primary interexchange carrier of one of its customers without obtaining
9 proper authorization to do so. *See Matrix Telecom, Inc.*, File No. ENF-96-02, Notice of
10 Apparent Liability for Forfeiture, DA 95-2421, 11 FCC Rcd 1258 (Com Car. Bur 1995).
11 The parties later entered into a Consent Decree resolving these allegations with no
12 finding of wrongdoing. *See Matrix Telecom, Inc.*, File No. ENF-96-02, Order, DA 96-
13 2108, 11 FCC Rcd 21539 (Com. Car. Bur. 1996) (approving Consent Decree). The
14 underlying events took place under the prior ownership and management of Matrix.

15 In 1993, again during the prior ownership and management of Matrix, the FCC
16 issued a letter of admonition to Matrix regarding the form of its Letter of Agency ("LOA")
17 used in signing up new long distance customers. *See Letter to Mr. Dennis Miga, Managing*
18 *Partner, Matrix Telecom, 9003 Airport Freeway, Suite 340, Fort Worth, Texas 76180*, DA
19 93-886, 8 FCC Rcd 5512 (Com. Car. Bur. 1993). The LOA is no longer used.
20 Matrix is periodically the subject of informal customer complaints filed before state
21 public utility commissions. There were 22 such complaints filed in 2005 and 25 such
22 complaints filed in 2006. These generally concern minor billing issues or service
23 questions. All of these complaints have been resolved.

1 Q. How will the Company bill for local calls?

2 A. The functionality of billing the customer for local service will be completed via Matrix's
3 third party billing vendor. It should be noted that Matrix does not normally charge for
4 local calls on a measured basis.

5 Q. Will the Company provide access to emergency services through 911 and, where
6 available, E 911?

7 A. Yes.

8 Q. Do you know who will provide those 911 services at that point in time?

9 A. Matrix intends to lease the unbundled network of the incumbent local exchange carrier.
10 Matrix will ensure that its contract with that provider allows that 911 calls will be
11 processed for Matrix's customers in the same manner as it is provided to the incumbent's
12 customers.

13 Q. How will the Company deal with consumer questions and complaints? Who will be the
14 main contact person for the MPSC and the Attorney General's office?

15 A. The Company understands the importance of effective customer service for local service
16 customers. Matrix has made arrangements for its customers to call the company at its
17 toll-free customer service number 1-888-411-0111. This number is answered twenty-
18 four hours a day, seven days a week. In addition, customers may contact the company in
19 writing at the headquarters address, as well as via email at
20 customerservice@matrixbt.com. The toll free number will be printed on the customer's
21 monthly billing statements. I will be the main contact for the MPSC and the Attorney
22 General's office.

1 Q. Has the Company negotiated an interconnection agreement with BellSouth? If not, what
2 plans does it have to do so?

3 A. No. Matrix requested and began negotiations with BellSouth on December 13, 2006.

4 Q. How will the Company physically complete local calls?

5 A. Local calls will be completed over BellSouth's network in accordance with Matrix's
6 Services Agreement with BellSouth.

7 Q. You have attached a copy of your current tariff on file with the Commission to your
8 application and supplemented your application with a proposed illustrative tariff filed on
9 January 19, 2007. Please explain.

10 A. Yes. The Company currently maintains a tariff with this Commission that was issued on
11 September 29, 2005 and became effective October 28, 2005. Upon approval of its
12 application, the Company will ensure that its existing tariff is either modified or replaced
13 in its entirety with the illustrative tariff to provide current and updated products and
14 services.

15 Q. When do you anticipate offering dialtone, or switched services?

16 A. As soon as Matrix receives its expanded certification, it intends to focus its sales efforts
17 in the State of South Carolina. Matrix anticipates that we should be offering switched
18 services within the first nine to twelve months after the order is issued.

19 Q. Is Company certificated in any other states?

20 A. Yes. Matrix is currently certified on a nationwide basis as a long distance reseller and in
21 forty four jurisdictions as a local reseller. Matrix is currently applying to upgrade all
22 existing local resell certificates to include providing service via company leased
23 facilities. Matrix has filed applications to certification to provide local exchange services

1 in the following remaining states: Delaware, Idaho, Iowa, Louisiana and South Dakota.

2 At this time, Matrix does not intend to seek local authority in Alaska.

3 Q. Has the Company ever been denied certification in any state or is it currently the subject
4 of a formal show cause, cease and desist proceeding or other similar state or federal
5 proceeding?

6 A. No.

7 Q. Will the public interest of South Carolina citizens be served by the Company's proposed
8 service in South Carolina?

9 A. Yes.

10 Q. Why do you believe that your service will be in the public interest?

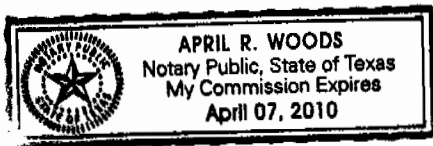
11 A. Commission grant of Matrix's Application is in the public interest because it will
12 enhance competition, thereby generating the benefits that result from competition such
13 as customer choice, and a more efficient, innovative, technologically advanced, and a
14 diversified telecommunications industry in the State of South Carolina.

15 Q. Does this complete your testimony?

16 A. Yes.

A. VERIFICATION

Dana Hoyle, being first duly sworn, on oath, deposes and states that she is the Manager of Regulatory Affairs for Matrix Telecom, Inc. and that she has read the above and foregoing testimony and knows the contents thereof, and that the same are true to the best of her knowledge, information, and belief.



Matrix Telecom, Inc.

Dana Hoyle
Dana Hoyle
Manager of Regulatory Affairs

Subscribed and sworn to before me this
10th day of *February*, 2007.

April R. Woods
Notary Public for Texas
My Commission Expires: *April 7th 2010*

**BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2005-98-C**

In Re:

Application of Matrix Telecom, Inc.
d/b/a Matrix Business Technologies
to expand its existing Certificate of
Public Convenience and Necessity
to include operating as a Facilities-
based Provider of Local Exchange
Service

CERTIFICATE OF SERVICE

This is to certify that I, Vickie V. Pietschker, a Legal Assistant with the law firm of Robinson, McFadden & Moore, P.C., have this day caused to be served upon the persons named below the **TESTIMONY OF DANA HOYLE** in the foregoing matter by placing a copy of same in the United States Mail, postage prepaid, in an envelope addressed as follows:

C. Lessie Hammonds, Esquire
Office of Regulatory Staff
1441 Main Street, Suite 300
Columbia, SC 29201

F. David Butler, Hearing Examiner
South Carolina Public Service Commission
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

Dated at Columbia, South Carolina this 5th day of March, 2007.


Vickie V. Pietschker